

Jubilant FoodWorks

Estimate changes 

TP change 

Rating change 

	JUBI IN
Bloomberg	
Equity Shares (m)	660
M.Cap.(INRb)/(USDb)	395.2 / 4.7
52-Week Range (INR)	615 / 421
1, 6, 12 Rel. Per (%)	5/12/-5
12M Avg Val (INR M)	1544

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	56.5	79.2	89.7
Sales Gr. (%)	9.6	40.1	13.2
EBITDA	11.4	16.0	19.2
EBITDA Margin (%)	20.2	20.2	21.4
Adj. PAT	2.6	3.6	5.5
Adj. EPS (INR)	3.9	5.5	8.3
EPS Gr. (%)	-32.9	39.5	51.1
BV/Sh.(INR)	32.9	35.2	37.8

Ratios

RoE (%)	12.0	15.6	22.0
RoCE (%)	11.6	9.7	11.8

Valuation

P/E (x)	151.6	108.6	71.9
P/BV (x)	18.2	17.0	15.8
EV/EBITDA (x)	37.8	26.8	22.3
EV/Sales (x)	7.6	5.4	4.8

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	41.9	41.9	41.9
DII	29.9	26.1	22.5
FII	20.8	23.6	25.4
Others	7.4	8.4	10.1

FII Includes depository receipts

CMP: INR599

TP: INR 550 (-8%)

Neutral

Delivery business outperforms; focus on network expansion

- Jubilant Foodworks (JUBI) reported sales growth of 10% YoY to INR14.4b (in line) in 1QFY25. Domino's LFL was 3% (in line), and same store sales are also turning positive (at ~1.5-2.0%) after six quarters. Delivery business performed well, growing 16% YoY and improving the share to 69%, while dine-in contracted 6% YoY. Waiving of delivery charges transitioned dine-in demand to delivery.
- Domino's has added 34 new stores and entered 6 new cities in 1Q. The store expansion spree for Domino's and other brands will continue and plans to open 180 Domino's stores in FY25.
- Gross margin was up marginally (+10bp YoY to 76.1%), while EBITDA margin contracted 180bp YoY to 19.3%. This contraction is attributed to increased investments in technology, supply chain enhancements, and adverse operating leverage. Additionally, the company intensified its value proposition by offering free delivery.
- Weak operating margins were further hit by higher depreciation (investments in backend) and interest costs. PBT declined 33% YoY, and margin came in at 4.7% in 1QFY25.
- The international business was doing well with 15%/17%/42% revenue growth in DPEU/Domino's Sri Lanka/Bangladesh.
- The QSR industry is still reeling under pressure on unit economics. Outperformance of delivery demand has aided healthy traffic growth for JUBI. The growth recovery still looks more gradual, and operating print will also lag some quarters for meaningful revision. Owing to its rich valuation, **we reiterate our Neutral rating** with a TP of INR550.

EBITDA in line; PBT down 33% YoY

- SSS turning positive** –JUBI reported sales growth of 10% YoY to INR14.4b (est. INR14.2b). **LFL grew by 3% (inline)**. SSSG is turning positive and was close to 1.5-2%.
- Store expansion continues** – JUBI opened 52 net stores in India, taking the count to 2,148 stores. **Domino's**: It opened 34 new Domino's Pizza stores to reach 2,029. **Popeyes**: It opened eight new stores, taking the count to 50. **Hong's Kitchen**: It opened five stores, taking the count to 33. **Dunkin' Donuts**: It opened five new stores, taking the count to 36.
- Weak EBITDA margin** – Gross profit reported 10% YoY growth of INR11b (est. INR 10.9b). Margin improved slightly by 10bp YoY to 76.1% (est. 76.5%). EBITDA flattish YoY at INR2.8b (est. INR2.8b). Margins contracted 180bp YoY while expanded 20bp QoQ to 19.3% (est. 19.5%). PBT margin was at 4.7% vs. 3.8% 4QFY24 and 7.7% 1QFY24.
- Decline in PBT/PAT** – PBT (before exceptional items) declined 33% YoY to INR683m (est. INR774m). Adj. PAT dipped 32% YoY to INR515m (est. INR579m).

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International business

- Dominos Sri Lanka's revenue rose 17% YoY to INR174m. During the quarter, no store was opened in the country.
- Dominos Bangladesh's revenue grew 42% YoY to INR170m led by network expansion. Bangladesh saw two store additions, taking the total count to 30 stores.

DPEU

- Domino's system sales stood at INR7,151m. Domino's Turkey LFL growth was 10.3%.
- COFFY's system sales came in at INR657m; LFL growth was 8.7%.
- Revenue for DPEU was INR4,614m (up 15.4% YoY) with an Op. EBITDA of 25.0% and PAT margin of 9.2%.
- In DP Eurasia, the company opened 12 stores in 1QFY25, taking the total count to 829 stores.

Highlights from the management commentary

- There has been no major improvement in the underlying demand situation. Growth was led by delivery channel initiatives like free delivery and Lunch Feast (meal at INR99).
- The company's sharp focus on delivery value to the consumer helped to deliver 8.5% YoY growth in Domino's India, driven by 3% LFL growth.
- Gross margins of the DP Eurasia (64-65%) business are structurally lower than JFL standalone (76%) due to the franchisee-driven business model.
- Management plans to open 180 stores for Domino's India, 50 for Domino's in Turkey, and 20 for Domino's in Bangladesh in FY25. In COFFY plan to open 70 stores, 50 stores for Popeyes restaurants, and 25 Hong's Kitchen outlets.

Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- The QSR industry is still reeling under pressure on unit economics. Outperformance of delivery demand has aided healthy traffic growth for JUBI. The growth recovery still looks more gradual, and operating print will also lag some quarters for meaningful revision.
- We value the India business at 65x P/E and international business at 40x P/E on FY26E to arrive at our TP of INR550. **Reiterate Neutral.**

Quarterly Standalone Performance												(INR m)
Y/E March	FY24				FY25E						FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E	1QE	(%)
No of stores (Dominos)	1,838	1,888	1,928	1,995	2,029	2,074	2,119	2,175	1,995	2,175	2,040	
LFL growth (%)	-1.3	-1.3	-2.9	0.1	3.0	3.0	5.0	5.0	-1.4	4.0	2.5	
Net Sales	13,097	13,448	13,551	13,313	14,396	14,928	15,312	14,915	53,409	59,550	14,210	1.3%
YoY change (%)	5.6	4.5	2.9	6.3	9.9	11.0	13.0	12.0	4.8	11.5	8.5	
Gross Profit	9,956	10,275	10,387	10,200	10,955	11,390	11,714	11,498	40,817	45,556	10,871	0.8%
Gross margin (%)	76.0	76.4	76.7	76.6	76.1	76.3	76.5	77.1	76.4	76.5	76.5	
EBITDA	2,764	2,807	2,827	2,543	2,782	2,895	3,085	2,861	10,941	11,622	2,775	0.2%
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.6	3.1	9.1	12.5	-5.6	6.2	0.4	
Margins (%)	21.1	20.9	20.9	19.1	19.3	19.4	20.1	19.2	20.5	19.5	19.5	
Depreciation	1,328	1,379	1,465	1,511	1,552	1,573	1,581	1,589	5,684	5,953	1,528	
Interest	513	534	583	609	619	635	640	650	2,239	2,544	564	
Other Income	91	69	40	86	73	75	90	104	285	342	91	
PBT	1,014	963	819	508	683	763	954	726	3,303	3,466	774	-11.7%
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-32.6	-20.8	16.5	42.8	-38.6	4.9	-23.6	
Tax	262	241	209	132	168	192	240	235	844	867	195	
Rate (%)	25.8	25.1	25.6	26.0	24.6	25.2	25.2	32.3	25.6	25.0	25.2	
Adjusted PAT	752	721	610	345	515	571	714	491	2,428	2,600	579	-11.1%
YoY change (%)	-38.2	-39.5	-31.16	-44.38	-31.5	-20.9	17.07	42.28	-38.0	7.1	-22.9	

E: MOFSL Estimates

Exhibit 1 - Store count

Total Stores	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Q1FY25
Management control									
India:									
Domino's	1,625	1,701	1,760	1,816	1,838	1,888	1,928	1,995	2,029
Popeyes	6	8	12	13	17	22	32	42	50
Dunkin	25	24	24	21	21	21	25	31	36
Hong's Kitchen	17	14	12	13	15	18	22	28	33
Ekdum	3	6	6	-	-	-	-	-	-
Total Stores in India	1,676	1,753	1,814	1,863	1,891	1,949	2,007	2,096	2,148
Store addition	51	77	61	49	28	58	58	89	52
Sri Lanka and Bangladesh	46	51	60	65	70	73	76	78	80
Total Stores under MGT control	1,722	1,804	1,874	1,928	1,961	2,022	2,083	2,174	2,228
Store addition	53	82	70	54	33	61	61	91	54
DP Eurasia	-	-	859	859	714	742	761	817	829
Total	1,722	1,804	2,733	2,787	2,675	2,764	2,844	2,991	3,057
Store addition	53	82	929	54	(112)	89	80	147	66

Exhibit 2 - Domino's growth metrics

Growth metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Q1FY25
Revenue Growth (%)	41.1	16.9	10.3	8.2	5.6	4.5	2.9	6.3	9.9
Store Growth (%)	17.8	18.5	17.7	15.9	13.1	11.0	9.5	9.9	10.4
Like-like SSG (%)	28.3	8.4	0.3	(0.6)	(1.3)	(1.3)	(2.9)	0.1	3.0
ADS per store (INR)	85,397	84,105	83,609	77,822	78,773	78,463	78,044	75,413	78,625
YoY Gr (%)	(0.8)	(1.1)	(5.6)	(7.4)	(7.8)	(6.7)	(6.7)	(3.1)	(0.2)

Highlights from the management commentary

Business environment

- There has been no major improvement in the underlying demand situation. Growth was led by delivery channel initiatives like free delivery and Lunch Feast (meal at INR99).
- The monthly active users were high at 12.1m (+17.5% YoY), with higher new customer acquisitions (+32% YoY).
- The delivery channel revenue rose 15.7% YoY, driven by Delivery LFL growth of 12.1% YoY.
- Dine-in channel revenue declined 5.7% YoY. However, on a sequential basis, it grew 4.6% (+1.7% LFL QoQ) on account of double-digit growth in orders.
- The company has taken no price hikes in the last eight quarters.
- In 1QFY25, JUBI absorbed the inflation impact with internal cost optimization and productivity enhancement programs.
- The company's sharp focus on delivery value to the consumer helped deliver an 8.5% YoY growth in Domino's India, driven by 3% LFL growth.
- SSS has been turning positive, and it has been close to 1.5-2.0%.
- The company believes that providing value to consumers is crucial in this environment to acquire new consumers and retain existing ones.
- The company waived off delivery fees, which has enhanced the value quotient of customers materially.
- There are no plans for price increases, and the focus is on giving more value to gain more share.

Costs and margin

- The company is focusing on driving margin expansion in India and expects margins to improve from the last quarter (19.1% in 4QFY24).
- Gross margins of the DP Eurasia (64-65%) business are structurally lower than JFL standalone (76%) due to the franchisee-driven business model.
- Standalone EBITDA margin would be ~19.8% adjusting the political contribution.
- The company has worked to reduce the cost of goods sold, resulting in healthy margins compared to competition.

Product innovation

- Three new products launch in Domino's India – 1) 4 course meal starting INR99 - Lunch Feast, 2) Innovation for Cheese lovers: Cheese Volcano, and 3) New Beverage Range- Chillrz
- In Dunkin, company launched new Bubble Teas range which is driving up the beverage mix.
- They introduced three new wraps starting at INR99 in Hong's Kitchen, further bolstering the successful home kitchen wrap range.
- In Bangladesh, Company launched a new range of Saucy and Messy Pizza.

Guidance

- There is no change in the company's network guidance.
- Management plans to open 180 stores for Domino's India, 50 for Domino's in Turkey, and 20 for Domino's in Bangladesh in FY25.
- In COFFY, management plans to open 70 stores, 50 stores for Popeyes restaurants, and 25 Hong's Kitchen outlets.

Key exhibits

Exhibit 1: Domino's LFL grew 3% in 1QFY25

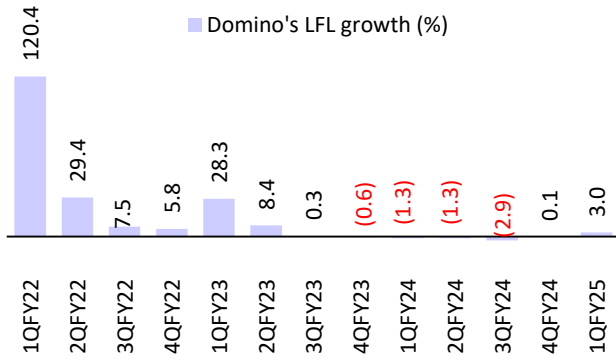


Exhibit 2: Domino's added 34 new stores in six new cities

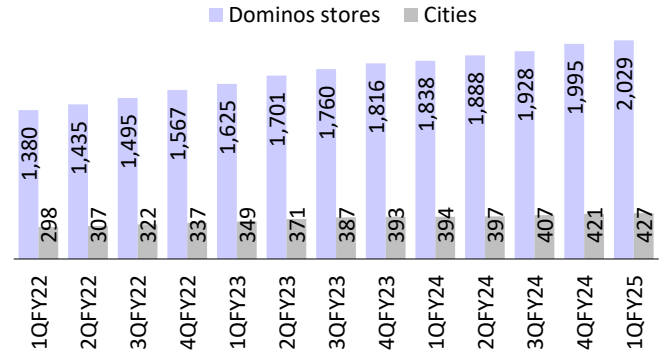


Exhibit 3: Net sales grew 10% YoY to INR14.4b

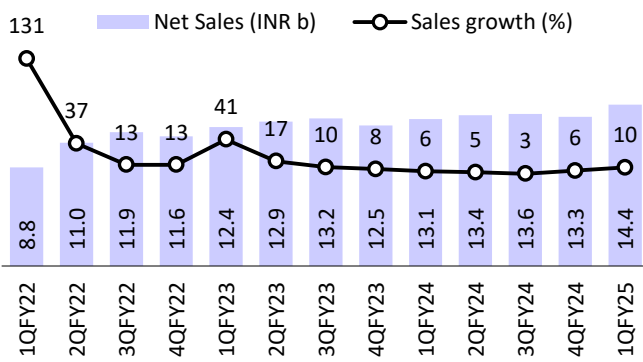


Exhibit 4: EBITDA growth was flattish YoY at INR2.8b

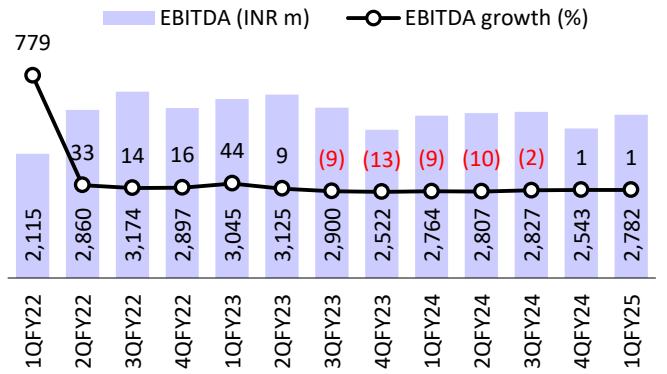


Exhibit 5: Adjusted PAT declined YoY to INR515m

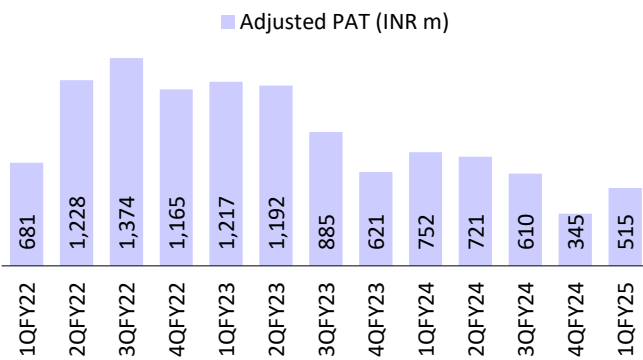


Exhibit 6: PAT declined 31% YoY in 1QFY25

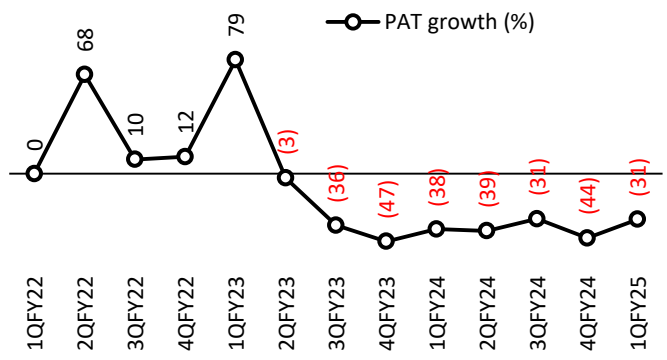


Exhibit 7: Gross margin expanded slightly by 10bp YoY to 76.1%

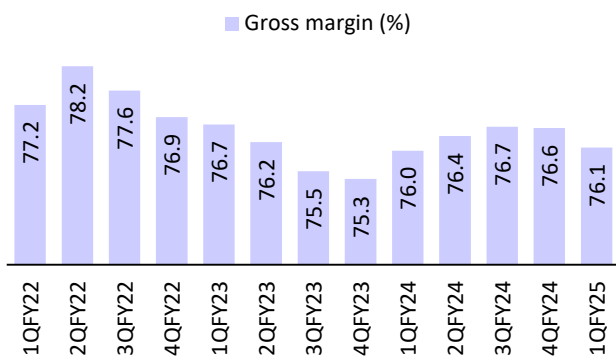
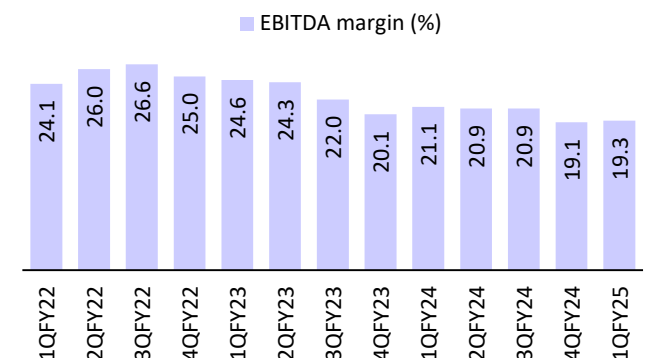


Exhibit 8: EBITDA margin contracted 180bp YoY to 19.3%



Source: MOFSL, Company

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Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- The QSR industry is still reeling under pressure on unit economics. Outperformance of delivery demand has aided healthy traffic growth for JUBI. The growth recovery still looks more gradual, and operating print will also lag some quarters for meaningful revision.
- We value the India business at 65x P/E and international business at 40x P/E on FY26E to arrive at our TP of INR550. **Reiterate Neutral.**

Exhibit 9: No material changes to our EPS estimates for FY25/FY26

INR m	New		Old		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net Sales	79,212	89,695	76,841	87,076	3.1%	3.0%
EBITDA	16,005	19,181	15,765	18,781	1.5%	2.1%
Adjusted PAT	3,633	5,488	3,631	5,384	0.1%	1.9%

Source: MOFSL

Financials and valuations

Income Statement							(INR m)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	35,631	39,273	33,119	43,961	51,582	56,541	79,212	89,695	1,01,020
Change (%)	18.0	10.2	-15.7	32.7	17.3	9.6	40.1	13.2	12.6
Material Consumed	8,861	9,835	7,262	9,899	12,478	13,411	13,994	15,887	18,427
Gross Profit	26,770	29,438	25,856	34,062	39,104	43,130	65,218	73,807	82,593
Gross Margin %	75.1	75.0	78.1	77.5	75.8	76.3	82.3	82.3	81.8
Operating expenses	20,773	20,682	18,144	22,974	27,589	31,695	49,213	54,626	60,393
EBITDA	5,998	8,756	7,712	11,088	11,516	11,435	16,005	19,181	22,199
Change (%)	36.3	46.0	-11.9	43.8	3.9	-0.7	40.0	19.8	15.7
Margin (%)	16.8	22.3	23.3	25.2	22.3	20.2	20.2	21.4	22.0
Depreciation	1,575	3,523	3,754	3,931	4,859	5,980	7,921	8,969	10,102
Int. and Fin. Ch.	0	1,652	1,627	1,761	2,012	2,878	3,521	3,238	3,284
Other Non-recurring Inc.	474	447	731	236	243	2,280	292	360	442
PBT	4,897	4,028	3,062	5,633	4,887	4,857	4,854	7,334	9,256
Change (%)	61.6	-17.7	-24.0	83.9	-13.2	-0.6	-0.1	51.1	26.2
Margin (%)	13.7	10.3	9.2	12.8	9.5	8.6	6.1	8.2	9.2
Tax	1,717	1,240	757	1,452	1,357	850	1,222	1,846	2,330
Tax Rate (%)	35.1	30.8	24.7	25.8	27.8	17.5	25.2	25.2	25.2
Adjusted PAT	3,180	3,537	2,266	4,254	3,883	2,604	3,633	5,488	6,926
Change (%)	65.8	11.2	-35.9	87.8	-8.7	-32.9	39.5	51.1	26.2
Margin (%)	8.9	9.0	6.8	9.7	7.5	4.6	4.6	6.1	6.9
Non-rec. (Exp)/Inc.	0	-249	0	-73	0	1,702	0	0	0
Reported PAT	3,180	2,788	2,306	4,181	3,530	4,008	3,633	5,488	6,926
Balance Sheet							(INR m)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320
Reserves	11,277	9,901	12,949	18,130	19,058	20,387	21,901	23,628	26,312
Share Premium	477	477	477	477	477	477	477	477	0
P&L Balance	10799	9423	12471	17653	19103	19923	20282	20353	0
Net Worth	12,596	11,220	14,268	19,450	20,378	21,706	23,221	24,948	27,631
Loans	5	16,706	16,205	21,066	25,537	41,973	42,871	43,482	44,093
Capital Employed	12,627	28,033	30,567	40,617	45,915	64,406	66,817	69,156	72,450
Goodwill	0	0	0	0	0	7,706	7,706	7,706	7,706
Gross Block	12,288	27,542	28,778	35,390	45,564	57,999	62,853	67,858	72,582
Less: Accum. Depn.	4,577	6,036	7,688	8,591	11,759	15,761	20,348	25,012	30,086
Net Fixed Assets	7,711	21,506	21,090	26,798	33,805	42,238	42,505	42,847	42,496
Intangible property	383	381	365	567	1,141	11,894	11,894	11,894	11,894
Capital WIP	157	412	285	465	1,838	1,178	715	715	715
Investments	1,808	512	5,167	9,268	8,218	3,080	3,742	3,942	4,142
Deferred tax assets	-500	751	831	526	743	-1613	-1613	-1613	-1613
Curr. Assets, L&A	8,498	10,137	9,881	10,192	8,077	14,280	13,233	16,405	21,341
Inventory	771	947	1,331	1,612	1,770	4,099	2,718	3,078	3,466
Account Receivables	274	166	168	220	287	2,695	441	500	563
Cash and Bank Balance	4,943	6,559	5,344	5,634	2,506	1,570	5,142	7,338	11,218
Others	2,510	2,464	3,038	2,726	3,514	5,916	4,932	5,490	6,094
Curr. Liab. and Prov.	5,430	5,666	7,053	7,200	7,906	14,357	11,366	12,741	14,232
Other Current Liabilities	919	873	1,300	1,420	1,873	4,344	2,266	2,493	2,742
Creditors	4,209	4,470	5,330	5,370	5,614	9,216	8,681	9,830	11,071
Provisions	303	322	423	411	419	796	419	419	419
Net Curr. Assets	3,067	4,471	2,828	2,992	171	-77	1,867	3,664	7,109
Appl. of Funds	12,627	28,032	30,566	40,616	45,915	64,406	66,817	69,155	72,450

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)									
EPS	4.8	5.4	3.4	6.4	5.9	3.9	5.5	8.3	10.5
BV/Share	19.1	17.0	21.6	29.5	30.9	32.9	35.2	37.8	41.9
DPS	1.0	1.2	1.2	1.2	1.2	1.8	1.8	1.8	1.8
Payout %	20.8	22.4	34.9	18.6	20.4	44.4	31.8	21.0	16.7
Valuation (x)									
P/E	124.1	111.6	174.2	92.8	101.6	151.6	108.6	71.9	57.0
EV/Sales	10.9	10.3	12.1	9.1	7.9	7.6	5.4	4.8	4.2
EV/EBITDA	64.7	46.2	51.9	36.1	35.6	37.8	26.8	22.3	19.1
P/BV	31.3	35.2	27.7	20.3	19.4	18.2	17.0	15.8	14.3
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Return Ratios (%)									
RoE	25.2	31.5	15.9	21.9	19.1	12.0	15.6	22.0	25.1
RoCE	28.5	19.4	12.1	15.5	11.5	11.6	9.7	11.8	13.4
RoIC	50.7	27.6	14.8	23.6	16.4	9.8	10.4	13.4	15.9
Working Capital Ratios									
Debtor (Days)	3	2	2	2	2	17	2	2	2
Inventory (Days)	8	9	15	13	13	26	13	13	13
Creditor (Days)	43	42	59	45	40	59	40	40	40
Asset Turnover (x)	2.8	1.4	1.1	1.1	1.1	0.9	1.2	1.3	1.4
Leverage Ratio									
Debt/Equity (x)	0.0	1.5	1.1	1.1	1.3	1.9	1.8	1.7	1.6

Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(loss) before Tax	4,897	4,028	3,062	5,633	4,887	4,850	4,854	7,334	9,256
Int./Div. Received	-200	-395	-414	-294	-267	-194	-342	-410	-492
Depreciation & Amort.	1,575	3,523	3,754	3,931	4,859	5,980	7,921	8,969	10,102
Interest Paid	0	1,652	1,627	1,761	2,012	2,878	3,521	3,238	3,284
Direct Taxes Paid	-1,779	-1,402	-869	-1,410	-1,263	-893	-1,222	-1,846	-2,330
Incr in WC	-36	-82	509	-275	-83	-956	1,852	869	943
CF from Operations	4,235	7,278	7,506	9,436	10,262	10,096	16,586	18,154	20,763
Others	(221)	(47)	(162)	91	117	(1,568)	0	0	0
Incr in FA	-1,657	-2,883	-2,427	-4,563	-8,382	-8,476	-3,958	-5,000	-5,200
Free Cash Flow	2,578	4,395	5,080	4,873	1,879	1,620	12,628	13,154	15,563
Others	4,376	334	554	694	-2,968	-930	-1,627	-3,401	-3,559
Pur of Investments	-3,134	1,502	-3,961	-2,212	2,225	-5,399	-886	-670	-708
CF from Invest.	-416	-1,047	-5,834	-6,080	-9,126	-14,805	-6,471	-9,071	-9,468
Issue of Shares	44	95	0	29	-262	0	0	0	0
Incr in Debt	0	-1,323	0	1,198	629	10,094	-500	-500	-500
Dividend Paid	-329	-1,448	0	-790	-790	-790	-1154.73	-1154.73	-1154.73
Others	118	-1,937	-2,887	-3,504	-3,841	-5,531	-4,887	-5,233	-5,761
CF from Fin. Activity	-167	-4,614	-2,887	-3,066	-4,264	3,772	-6,542	-6,888	-7,415
Incr/Decr of Cash	3,652	1,616	-1,215	290	-3,128	-936	3,573	2,195	3,880
Add: Opening Balance	1,290	4,943	6,559	5,344	5,634	2,506	1,570	5,142	7,338
Closing Balance	4,943	6,559	5,344	5,634	2,506	1,570	5,142	7,338	11,218

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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